



## Department of Ecology

### 2006 Supplemental Budget – Operating ~Biennialized FTEs~

Governor Gregoire's 2006 supplemental operating budget proposal recognizes that cleanup and protection of Puget Sound is critical to the social and economic well-being of the citizens of Washington State. As such, the Governor's proposal for Ecology includes an additional \$55.15 million in the coming year for saving Puget Sound and Hood Canal and reducing toxic threats (\$11.3 million operating and \$43.85 capital). This major investment is possible in large part because of an unprecedented increase in oil industry revenues, resulting in a \$45 million increase in the state Toxics Control Account since last spring. This proposal accelerates work to eliminate toxic threats in our homes, communities and environment.

#### **Puget Sound Initiative**

**Puget Sound Oil Transfer Inspection** ~ \$859,000 from the State Oil Spill Prevention Account and 3 FTEs ~ More than 18 billion gallons of oil are transported through Washington State each year. Most of this oil is handled more than once when refined products are transferred between oil tankers, cargo vessels, shoreline facilities, and tank trucks. 2004 legislation requires companies delivering fuel to vessels to place oil containment booms around the vessel and have alternative spill prevention measures in place. To implement this legislation, the agency is writing rules to establish a state oil transfer inspection program and will inspect 35 percent of over 9,600 oil transfer operations performed each year. These inspections will emphasize high-risk transfers in order to achieve a significant reduction in damaging oil spills.

**Hazardous Material Spill Response (Puget Sound Focus)** ~ \$301,000 from the State Toxics Control Account and 1 FTE ~ The Department of Ecology responds to hazardous materials spills and performs cleanups to ensure that standards for public health and environmental protection are met. Over the last three years there has been a 35 percent increase in reported hazardous materials spills, with an increase of over 300 reports a year occurring in the northwest counties. Two additional spill responders for the northwest region will support early response and address the high potential for hazardous materials releases from transportation, oil refining activities, and pipelines in areas in and adjacent to Puget Sound.

**Enhance Puget Sound Cleanups (source control, aquatic lands, dredging, cleanup)** ~ \$700,000 from the State Toxics Control Account and 3.5 FTEs ~ The agency will add seven cleanup staff to undertake pollution source control measures in the Lower Duwamish Waterway in support of a multi-party cleanup effort, as well as coordinate source control and cleanup of state-owned aquatic lands and adjacent uplands around Puget Sound. These operating funds are necessary to support the \$5 million DNR/Ecology Puget Sound Cleanup (State Owned Aquatic Lands). This is titled "Cleanup Toxic Sites – Upland and Aquatics" in the Governor's Budget.

**Puget Sound Toxic Site Cleanup (titled "Enhanced Voluntary Cleanup" in the Governor's Budget)** ~ \$1 million from the State Toxics Control Account and 4 FTEs ~ The Department of Ecology will prioritize and accelerate the cleanup of 115 known contaminated sites that lie adjacent to and within one-half mile of Puget Sound. This action will utilize the Voluntary Cleanup Program, existing formal administrative oversight capabilities, and contracted cleanups for abandoned sites that pose a

threat to Puget Sound. These operating funds are necessary to support the \$4 million “Clean up Toxic Sites in Puget Sound” Capital Budget proposal.

**Reduce Toxics in Businesses (TREE Program)** ~ \$458,000 from the State Toxics Control Account and 2 FTEs ~ A Technical Resources for Engineering Efficiency (TREE) Program team is created for Puget Sound businesses. Four staff will provide engineering and technical assistance to help industrial and commercial facilities redesign processes to eliminate or substantially reduce the production of wastes that contain toxic contaminants, while making significant water and energy saving improvements. Staff will identify businesses and/or toxics dischargers in Puget Sound watersheds and work with them to stop toxics before they start and save water before it is wasted.

<b>Toxics Threats Initiative</b>
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**Hazardous Waste Compliance and Enforcement** ~ \$580,000 from the State Toxics Control Account and 2 FTEs ~ The Department of Ecology inspects businesses that generate hazardous wastes to ensure compliance with state laws. The agency also issues permits to facilities that treat, store, and/or dispose of hazardous wastes to ensure that public health and the environment are protected. To respond to increasing environmental threats found at these facilities, four additional inspectors will conduct an additional 150 compliance/enforcement and corrective action activities to protect public health and to possibly avoid greater cleanup costs in the future.

**Mercury Chemical Action Plan Implementation** ~ \$415,000 from the State Toxics Control Account and 1.5 FTEs ~ Mercury is a long-lived Persistent Bioaccumulative Toxin (PBT) and is very harmful to humans, especially women of childbearing age and children. The agency will implement the Mercury Chemical Action Plan (MCAP), which is the first chemical action plan developed under the agency's PBT strategy as directed under the Mercury Reduction and Education Act (Chapter 70.95M RCW). The agency will negotiate and implement three memoranda of understanding with key sectors (dental offices, hospitals and auto recyclers) that work with mercury containing products and/or waste. All costs are one-time, except for ongoing monitoring and reporting. The Department of Health also will participate in these activities.

**PBT (Persistent Bioaccumulative Toxin) Implementation** ~ \$528,000 from the State Toxics Control Account and 0.5 FTE ~ The Department of Ecology completed the Polybrominated Diphenyl Ethers (PBDE) chemical action plan in December 2005 and soon will begin implementing the plan. PBDEs are chemicals used in flame retardants and are a Persistent Bioaccumulative Toxin (PBT) that can cause adverse health effects. In addition, the agency will use one-time funding to monitor PBTs in the environment and develop a multi-year chemical action schedule. The Department of Health will add ongoing staff to coordinate fish consumption advisories and continue education efforts regarding these advisories.

**Superfund Cleanup Site Operation & Maintenance** ~ \$375,000 from the State Toxics Control Account ~ Under the federal Superfund law, the Environmental Protection Agency transfers responsibility to states for all costs associated with continued maintenance of contaminated sites cleaned up by the Federal Government. Within the past year, two sites have been transferred to Washington State that require significant expenditures to fulfill the maintenance responsibilities.

**Waste to Fuels Technology** ~ \$225,000 from the State Toxics Control Account ~ In order to help grow the bioenergy industry, the Department of Ecology will form a partnership with Washington

State University to conduct research on markets, products, and bioenergy potential. Specific work will include beginning a pilot project to convert solid waste to biogas through anaerobic digestion and to complete a biomass inventory. The project will include the economic and technical assessments necessary to help the public sector and private business complete successful bioenergy projects.

### **Flexible, Successful Watershed Management**

**Stream Gaging Cooperative Program** ~ \$125,000 from the State Reclamation Account ~ The Department of Ecology works cooperatively with the United States Geological Survey to fund stream gages in Washington. Stream gages provide data critical for water management, drought response, flood management, setting and meeting instream flows, and local government land use decisions. To meet the required state match, one-time Reclamation Revolving Account funds are provided to maintain these cooperative gages during the 2005-07 biennium.

### **Policy Changes**

**Green House Gas Emission Inventory** ~ \$200,000 from the State General Fund and 0.5 FTE ~ Washington state is facing climate issues, such as lower snow packs and summer droughts, that will become more severe as global warming advances. Reducing greenhouse gas emissions requires more than just a pollution control strategy. It requires an economic transition from carbon-based fuels to clean fuels and efficient energy systems. The state does not have a mechanism to provide current, detailed information about sources, volumes, or trends in greenhouse gases (GHG). In order to better inform future policy choices, ongoing funding will be used to inventory and categorize state GHG emission. The agency also will work with the University of Washington to complete an analysis of the economic impacts of climate change, based on the latest scientific information.

**Construction Stormwater Permits** ~ \$781,000 from the State Water Quality Permit Account and 4.5 FTEs ~ The federal Clean Water Act requires certain industries, individuals, and municipalities to have water quality discharge permits for their stormwater discharges. In November 2005, the Department of Ecology re-issued construction permits that include new permit requirements for construction sites that are between one and five acres. Previously sites less than five acres were not included. Increased fees accompanying these permits will help ensure that properly managed stormwater discharges protect water quality, minimizes flooding, and protects habitat.

**Hanford Groundwater Modeling** ~ \$120,000 from the State Toxics Control Account ~ The Department of Ecology is responsible for oversight of the cleanup and management of the Hanford Nuclear Reservation. To properly review and analyze several complex environmental documents currently being developed or modified by the United States Department of Energy, the agency needs to complete specialized groundwater modeling and risk assessments. Mixed waste management fees will secure contracted services to support the evaluation of the Hanford Solid Waste Environmental Impact Statement (EIS), Hanford Tank Waste EIS, Hanford Integrated Disposal Facility Permit risk analysis, and Hanford Tank Farms Closure Plan risk analysis.

**Cleanup Priority Act Legal Defense** ~ \$546,000 from the State Toxics Control Account ~ The Cleanup Priority Act (CPA) passed by Washington State voters in 2004 requires the agency to take specific actions for the cleanup of Hanford. The CPA was challenged in court by the federal government and a final court ruling is pending. Mixed waste management fees will pay for legal defense of this voter-approved initiative.

**Cleanup Priority Act Implementation** ~ \$2.4 million from the State Toxics Control Account and 4.2 FTEs ~ Due to the federal government challenge of the Cleanup Priority Act (CPA) and pending court ruling, the state is significantly restrained by a federal court order from implementing the CPA as passed by voters in 2004. If the case is resolved in the summer of 2006, authority is provided for the Department of Ecology to implement the CPA, which is funded by mixed waste management fees related to the Hanford Nuclear Reservation.

<b>Technical Changes</b>
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**Air Permit Technical Correction to Match Revenue** ~ \$232,000 from the Air Operating Permit Account ~ During the 2005-07 budget process, the Department of Ecology requested a \$1.3 million reduction in the Air Operating Permit Account appropriation based on an forecasted reduction in work (using a statutorily required workload model). However, the forecast did not anticipate the salary increases, benefit changes, and salary survey upgrades enacted by the 2005 Legislature. To provide a service level consistent with the workload model and cover these costs, additional permit fees will be collected from industrial and commercial facilities.

**Water Quality Loan Capacity** ~ \$428,000; \$71,000 from the State Water Pollution Control Revolving Account and \$357,000 from the Federal Water Pollution Control Revolving Account and 1 FTE ~ The U.S. Environmental Protection Agency has made an additional \$10.7 million in one-time capitalization grant funds available for fiscal year 2007. As a result, additional oversight, administration, and loan tracking services will be required to administer these loans for wastewater treatment facilities.

**Well Construction Technical Correction** ~ \$300,000 from the State General Fund ~ The Department of Ecology and local health departments regulate well construction and decommissioning to ensure proper construction and to protect groundwater resources. An incorrect proviso in the 2005-07 Operating Budget reduced the state General Fund appropriation by \$300,000 for this program; this correction will reinstate the funding.

**Flood Control Emergency Grant Funds** ~ \$335,000 from the Flood Control Assistance Account ~ The agency provides grants and technical assistance to local governments for flood damage reduction projects and comprehensive flood hazard management plans. The remaining fund balance from the Flood Control Assistance Account is provided to ensure that resources are available to address local emergency flood control needs that may emerge during the 2005-07 biennium.

**Fund Balancing** ~ (\$534,000) from Emergency Water Projects Account, Drought Preparedness Account, Freshwater Aquatic Weeds Account, Emergency Water Account, Fresh Water Weeds Account ~ The Emergency Water Account is reduced because it was double appropriated in the 2003-05 and 2005-07 biennia, due to not knowing when the expenditures were actually going to occur. The Freshwater Weeds Account also had expenditures in both biennia, since the exact timing of when they were going to be paid out was unknown.

**Unanticipated Federal Wetland Grant** ~ \$642,000 from the Federal General Fund ~ The Department of Ecology will receive \$825,00 from the U.S. Environmental Protection Agency from January 2006 through June 2007. To gather data to evaluate compliance with permit conditions

associated with wetland disturbance, four months (\$183,000) of this funding will be processed as an unanticipated receipt, and the remainder will be added to the Agency's maintenance level budget.

<b>Proposals for Other Agencies that Support Ecology's Work</b>
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**Office of Financial Management**

**Enterprise Systems** ~ \$3.12 million from the Data Processing Revolving Account and 5.3 FTEs ~ An enterprise-wide contracts management system will be developed to replace independent contracts management systems used by various agencies. The first phase to address grant management will be deployed by the end of the 2005-07 biennium.

**Management and Accountability Proposal** ~ \$2.77 million and 2.5 FTEs ~ Funding is provided to follow up on and address the opportunities identified in the Governor's Management Accountability and Performance (GMAP) process. Staff will conduct agency performance reviews, business process redesign, agency management assessment, performance measure development, and other activities designed to bring about more effective and accountable administration of state resources.

**Regulatory Improvements** ~ \$550,000 from the State General Fund ~ The Office of Regulatory Assistance (ORA) provides facilitation, coordination, and education to improve citizen and business interactions related to state regulatory and rulemaking processes. Funding will support the Governor's Regulatory Improvement Program within ORA to improve the state's regulatory environment. ORA, in coordination with the Departments of Ecology and Fish and Wildlife, and key business licensing, taxing, and regulatory agencies, will begin implementing expanded integration of state and local government permit teams for combined environmental review (including private development projects); expanded use of programmatic and general permits; deployment of a single portal for businesses to apply for and track permits and licenses, pay taxes, and obtain relevant regulatory information; and implementation of a broader Wetland or Conservation Banking Offsite Mitigation program.

**Department of Agriculture**

**Surface Water Monitoring** ~ \$129,000 from the State Toxics Control Account ~ Pesticide runoff from agricultural operations may potentially harm salmonids living in rivers and streams. Efforts to monitor pesticide residues in the tree fruit growing area of the Upper Columbia River will provide additional Washington-specific data for federal assessments of a pesticide's potential risk to salmon. Site specific data is required to properly characterize the climate conditions of North Central Washington.

**Department of Natural Resources**

**Enhance Puget Sound Cleanup** ~ \$85,000 from the State Aquatic Lands Enhancement Account and .5 FTE ~ Funding and staffing are provided to initiate the process of focused cleanup of state-owned aquatic lands. This program, jointly carried out by the Department of Natural Resources' Aquatics Division and the Department of Ecology's Toxics Cleanup Program, will target contaminated aquatic sites where early cleanup and source-control actions will allow for restoration of state resources, including geoduck, other shellfish, or habitat features. Selected projects will integrate aquatic cleanup with adjacent upland source removal and source control. The work will be carried out through a

combination of direct action by the state, contributions from potentially liable parties, and interagency agreements with affected local governments and resource agencies.

### **Department of Fish and Wildlife**

**Puget Sound Nearshore Ecosystem Restoration** ~ \$500,000 from the Federal General Fund and .7 FTE ~ The Puget Sound Nearshore Ecosystem Restoration Project is in the third year of a five-year, \$12 million feasibility study to analyze large-scale restoration actions required to protect and restore the Puget Sound ecosystem. The evaluation of these restoration actions will prioritize a list of projects across Puget Sound for submission to the U.S. Army Corps of Engineers (Corps) and Congress for funding. A state match is provided for the 50/50 cost-share agreement to conduct the study signed by the agency and the Corps in 2002.

<b>Statewide Adjustments</b>
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**Fuel Rate Adjustment** ~ \$41,000 from the State General Fund and \$96,000 from various other funds ~ The agency is responsible for a wide range of environmental permitting, inspection, and technical assistance work that requires staff to travel. The agency's actual fuel consumption for Fiscal Year 2005 was 199,396 gallons, and current Washington State Department of Transportation fuel cost projects have significantly increased these costs above the current allocations. This funding will cover these increased costs.

**Pension Plan 1 Unfunded Liabilities** ~ A contribution is made for Fiscal Year 2007 for the unfunded actuarial accrued liabilities of the Public Employees' Retirement System Plan 1 and Teachers' Retirement System Plan 1.

**Classification Revisions** ~ This item reflects changes in the cost of state merit system classifications resulting from implementation of collective bargaining agreements and personnel rules. Revisions appear in various agencies, netting a savings of \$586,000 statewide.

**Central Service Agency Charges** ~ The Department of Personnel billings to agencies will increase to cover costs, including the Human Resource Management System project delay costs, related to implementing the staggered pay raise. Office of Financial Management billings to agencies for statewide systems will increase to support the completion of the Roadmap Feasibility Study and improvements to the state's capital budgeting systems. Department of Information Services billings to agencies will increase as a result of increased printing and microfiche costs. Funding is provided to agencies to reflect these costs.

**SmartBuy** ~ The original 2005-07 budget anticipated \$25 million of General Fund-State savings through the use of strategies being developed by the Department of General Administration, State Printer, and Department of Information Services to reduce the cost of goods and services. The Governor's supplemental budget assigns these savings to individual agency budgets.